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SUBJECT: FTA PREPARATION: MEPI-FUNDED SEMINAR DRAWS LARGE CROWD

Classified By: Ambassador Richard L. Baltimore, III.
Reasons: 1.4 (b) and (d).

Summary

[1](#)1. (SBU/NF) A recent MEPI-funded seminar in Muscat on Trade in Services attracted over 75 participants from a dozen Omani government agencies as well as the private sector. The highly interactive two-day event revealed several areas of concern leading up to the March opening of free trade agreement (FTA) talks, i.e. telecommunications, investment, and developing a strong legal team within the government for FTA purposes. Some of the participants believed that Bahrain had not negotiated aggressively enough, to the detriment of future FTA seekers such as Oman. End Summary.

[1](#)2. (U) On January 8-9, the Omani Ministry of Commerce and Industry (MoCI) hosted a successful two-day seminar on Trade in Services as part of the Middle East Partnership Initiative's trade technical assistance program. Renowned consulting firm Booz Allen Hamilton (BAH) carried out the seminar in cooperation with the Embassy and MoCI. Approximately 75 participants from over a dozen government agencies and the private sector attended the workshop, which provided an overview of the services, financial services, telecommunications, and investment chapters of bilateral free trade agreements (FTAs) negotiated by the United States.

Broad Swathe of Questions

[1](#)3. (SBU/NF) Remarkably for a seminar of this nature, the participants (many of whom hold mid-to-senior level positions in their agencies) stayed for the entire program; several officials even believed a longer program would have been useful to review the highly technical nature of FTA services chapters. Another notable quality of this training was its interactivity; the participants did not hesitate to ask numerous technical questions, particularly on telecommunications and investment. Other questions broached possible negotiating positions, to which the BAH trainers responded "that's up to the two governments to decide." A number of queries had a protectionist bent, most notably in the telecommunications area. A representative from the Education Ministry wanted to know what other countries were including in their educational exemptions. The Ministry of Health is seeking foreign direct investment in hospitals, which indicates another probable area of interest to the Omanis. On the investment chapter, real estate was also raised as a big Omani concern, especially allowing Americans the right to own property on par with Omani nationals.

Lessons from Bahrain

[1](#)4. (SBU/NF) Some participants conveyed the impression that Bahrain essentially "signed on the dotted line" and did not really negotiate with the USG, which puts Oman at a relative disadvantage coming on the heels of the Bahrain agreement. Essentially, these participants wanted to know if Oman truly has latitude for discussion or if there is to be no deviation from the Bahraini model.

Comment

[1](#)5. (SBU/NF) This MEPI activity was very successful in boosting the Omani government's FTA readiness. Overall, the Omani participants seemed committed and involved, and ready to do their homework. Based on an informal readout from the BAH trainers afterwards, Oman will need additional work in the telecommunications and legal areas in advance of the FTA

negotiations. Moreover, Omani officials have not developed any sort of internal matrix regarding probable legislative changes that will be necessary in order to meet FTA baselines. Nevertheless, BAH informally assessed that the Omani government's preparations for FTA negotiations appear further along than Bahrain had been at a similar stage. We will continue our extensive set of consultations, including the coordination of digital videoconferences and teleconferences on issues such as telecommunications and intellectual property rights, in order to achieve greater preparedness for the March opening of FTA talks in Muscat.

BALTIMORE